

MINUTES OF A SPECIAL MEETING OF THE
HOUSING ADVISORY COMMISSION
OF THE CITY OF CHULA VISTA

February 26, 2014

4:00 P.M.

A Special Meeting of the **Housing Advisory Commission** of the City of Chula Vista was called to order at 4:00 p.m. in Executive Conference Room C103, located in Building A at 276 Fourth Avenue, Chula Vista, California.

ROLL CALL

PRESENT: Commissioners Minas, Quero, Zaker, and Chair Uy

ABSENT: Commissioner Torre

ALSO PRESENT: Stacey Kurz, Senior Project Coordinator
Leilani Hines, Housing Manager
Jose Dorado, Project Coordinator

CONSENT CALENDAR

1. APPROVAL OF MINUTES FROM November 13, 2013

ACTION: Commissioner Minas moved to approve staff's recommendations to approve the minutes. Commissioner Quero seconded the motion, and it carried, result of vote 3-0-1 with Commissioner Zaker abstaining as a new member to the Commission.

PUBLIC COMMENTS

None.

ACTION ITEMS

2. CONSIDERATION OF AN APPLICATION FOM SOUTH BAY COMMUNITY SERVICES FOR 192-196 LANDIS AVENUE

Staff Dorado provided a brief presentation summarizing the staff report regarding the application submitted to convert an office building to residential use for 7 studio apartments to serve chronic homeless persons, reference Exhibits 1 and 2.

ACTION: Commissioner Minas moved to approve staff's recommendations to approve the minutes. Commissioner Uy seconded the motion, and it carried, result of vote 4-0.

OTHER BUSINESS

3. STAFF COMMENTS

Update on the Lofts on Landis project was provided and Staff Kurz announced that a March 20th groundbreaking ceremony was planned, invitations to Commissioners to follow. Staff Kurz also indicated that the City's rehabilitation loan programs were being updated and re-launched in April, with the single-family program being under the Green Homes for All brand the Conservation Department has established to promote sustainable homes and leveraging opportunities.

4. CHAIR'S COMMENTS

None.

5. COMMISSIONERS'/BOARD MEMBERS' COMMENTS

None.

ADJOURNMENT

At 4:34 p.m., Chair Uy adjourned the meeting to a special joint meeting with the Mobilehome Rent Review Commission date, time and location to be determined.

Stacey Kurz, Senior Project Coordinator

Exhibits: 1. 192-196 Landis Staff Report
 2. 192-196 Landis Presentation

The City of Chula Vista Development Services Housing Division
A REPORT TO THE
HOUSING ADVISORY COMMISSION

Item No. 2

Staff: Jose Dorado, Project Coordinator
Development Services Department, Housing Division

DATE: February 26, 2014

SUBJECT: 192-196 LANDIS - RECOMMENDATION OF APPROVAL TO THE CITY OF CHULA VISTA CITY COUNCIL TO CONDITIONALLY APPROVE AN AMOUNT NOT TO EXCEED \$450,000 FOR THE FINANCING OF A PROPOSED 7-UNIT PERMANENT SUPPORTIVE RESIDENTIAL PROJECT AT 192-196 LANDIS

I. RECOMMENDATION

That the Housing Advisory Commission recommend APPROVAL to the City of Chula Vista City Council to conditionally approve up to \$450,000 for a proposed 7-unit affordable permanent supportive housing project at 192-196 Landis Avenue.

II. BACKGROUND

The City of Chula Vista has received a request from South Bay Community Services ("Applicant") to consider financial assistance to support the rehabilitation of a seven (7) affordable housing rental housing development ("the Project") at 192-196 Landis Avenue (Exhibit 1 - Locator Map).

The Applicant is preparing applications to the Cooperation for Supportive Housing, the County of San Diego, Youth Build, and to AHP for additional financial assistance. The applicant has identified a funding gap and is requesting that the City of Chula Vista conditionally approve financial assistance in an amount not to exceed \$450,000. The other funding sources will be used to substantially finance the Project.

III. PROJECT DESCRIPTION

The Applicant

With over 435 units in its portfolio, South Bay Community Services (SBCS) has significant experience in developing affordable rental housing. SBCS' most recent development in Chula Vista was Muncey Manor for youth aging out of the foster care system. SBCS is qualified and has demonstrated a desire and commitment to partner with the City in the development of another affordable housing project. In reviewing their qualification and past experience, 10 out of their 12 projects serve homeless clients and demonstrates their ability to successfully complete and manage this type of special needs project.

The Property

The site at 192-196 Landis is close to public transit and neighborhood services and facilities, including health facilities and commercial areas due to its close proximity to the Third Avenue Village. The property is on a 4,900 square foot lot located near the corner of Landis Avenue and E Street in the V-3 (West Village) district of the Urban Core Specific Plan (UCSP). Although the site is currently being used as office space for SBCS, the project will convert the use back to residential, to include 7 studio units.

The project will be affordable for 55-years and guarantees the availability of such housing and services for the long term.

The Proposal

In 2013, the local Regional Continuum of Care Council (RCCC) released a Notice of Funding Availability for Developers who could serve the chronic homeless. One of the requirements of that application was to demonstrate site control and to have a reasonable development budget. If awarded, operation funds would be available. SBCS was notified that its application was successful and would be included in the RCCC's final application to the U.S. Department of Housing and Urban Development. This project will receive the South Bay's fair share of these HUD funds. With the success of the application, SBCS is now securing additional funding sources to complete the rehabilitation needed to convert the office space into seven (7) studio units.

Income and Rent Restrictions

It is proposed that all 7-units will be affordable to and restricted for occupancy by extremely low income households. As submitted in the RCCC application, the population to be served is the chronic homeless. The unit breakdown, restrictions and estimated rents are summarized in the table below:

Number of Units	Restricted	Income level	Estimated Monthly Unit Rent	Income Limit (Household Size 1 or 2)
7-Studios	Yes – Chronic Homeless	30% AMI	\$414	\$16,660/\$18,950

This project model assumes continued funding from the Regional Continuum of Care to cover the operations costs. The most restrictive rent and income limits of the applicable funding source is applied for the Project for a period not less than fifty-five (55) years and ensures long term affordability. The income and rent restrictions are to be incorporated into the Affordable Housing Regulatory Agreement, which will be recorded against the property.

Compliance with the income and rent restrictions will be subject annually to a regulatory audit and certification by all of the funding sources. Compliance with strict property management policies and procedures will ensure that income and rent restrictions will be maintained for the full 55-year compliance period.

IV. FINANCIAL ASSISTANCE

Form of Assistance

Financing and development of the Landis Studios project is proposed as a joint private-public partnership. With rents restricted at the 30% AMI affordable levels for the 55-year time period, the net operating income is insufficient to support a loan large enough to cover all the project costs. SBCS is proposing to obtain other financing to support the majority of the estimated \$1,271,905 million (\$181,701 per unit) cost of constructing the project (Exhibit 2 - Proforma). The development costs are consistent with significant rehabilitation and conversion projects, particularly with the small size of the project.

To close the financing gap, SBCS has requested direct financial assistance of \$450,000. The City's funds would be used to restrict all 7 units. This equates to a per unit subsidy of \$75,000.

Staff is recommending that the City conditionally approve financial assistance in an amount not to exceed \$450,000. Community Development Block Grant funds is the most flexible funding source that can be used to provide financial assistance to this type of special needs project. CDBG funds were also used to finance the Muncey Manor project due to the flexibility of the funding terms and conditions that come along with the use of these HUD funds. The City's financial assistance will be subject to obtaining the following: 1. Secure additional funding sources, (2) complete architectural plans (3) submit and receive building permits, and (4) negotiation of satisfactory terms of the Regulatory Agreement and Loan Agreement and the approval of such terms and documents by the City Council at a later date.

Article XXXIV:

Article XXXIV of the California Constitution (Article 34) requires that voter approval be obtained before any "state public body" develops, constructs or acquires a "low rent housing project". The City of Chula obtained voter approval on April 11, 1978 and subsequently on November 6, 2006 with the passage of Proposition C, which authorizes the development, construction and acquisition of housing for persons of low-income. With the addition of these 33-units, this leaves 1,578 units under the City's current authority to facilitate these activities.

V. Exhibits

1. Locator Map
2. Proforma

EXHIBIT 1

Locator Map



SOURCES AND USES OF FUNDS

EXHIBIT 2

Project Name:	Landis Studios
Project Address:	192-196 Landis Ave. Chula Vista CA 91911
Number of Units (Studios):	7
Total Square Footage:	4,900

Sources of Funds


CSH Predevelopment Loan	20,000
HUD C o C Program	272,800
City of Chula Vista CDBG 2013-14	450,000
County of San Diego HOME 2014	300,000
AHP Funding	249,105
Total Sources of Funds	1,271,905

0% interest for 24 months (to be paid off by sources below)


Uses of Funds

Development Soft Costs	205,855
Construction Hard Costs	1,066,050
Total Uses of Funds	1,271,905
Total Sources in Excess of Uses	0


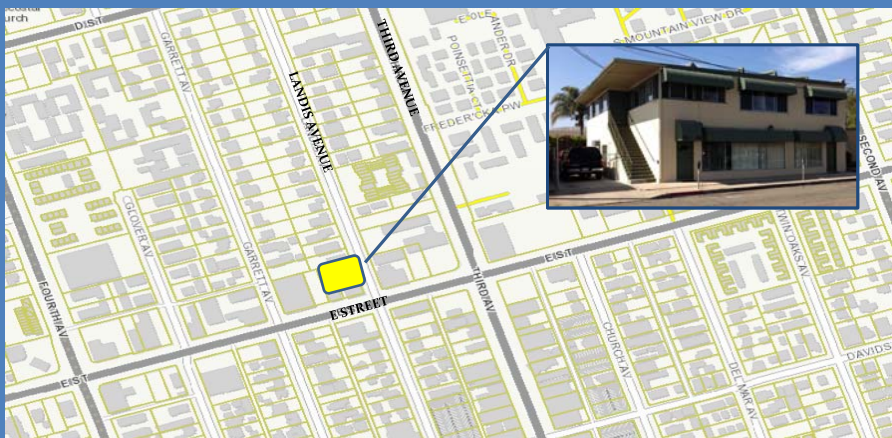
Affordable Housing Application 192-196 Landis Avenue Landis Studios



Presented by:
José Dorado,
Project Coordinator



Project Location



Project Proposal

- South Bay Communities Services
- Application for rehabilitation of 7 studio apartments
- Very-low income special needs rental housing for homeless clients
- Pre-commitment of Community Development Block Grant (CDBG) funds \$450,000



Project Developer

South Bay Community Services



Muncey Manor
7 Units



Benefits of the Project

- 7 studio units
- 55-year affordability
- Special needs housing
- Consistent with Housing Element
- Consistent with HUD approved Consolidated Plan
- Developer has site control
- Project location is near health and community services, and transit lines

Total Estimated Development Budget	
HUD Continuum of Care	\$272,800
County of San Diego	\$300,000
AHP Funding (Federal Home Loan Bank)	\$249,105
City of Chula Vista Community Development Block Grant funds	\$450,000
Total Estimated Development Costs	\$1.271 m

